

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

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CURRENT CROP CONDITIONS

The statewide full bloom this year occurred on March 7 which is two days earlier than last year. In the Yuba/Sutter area, full bloom was called on March 6 which is five days earlier than last year. While the bloom appears to be very good for the Late and Extra Late varietal groups; Stanislaus, Carson, and Klamath all seem to be lighter than normal (possibly as a result of low chilling hours this winter). In the Modesto area, full bloom was determined to be March 9, one day later than last year. The bloom appears to be somewhat uneven and staggered with later varieties generally better than earlier varieties. Full bloom in Kingsburg was March 4, one day earlier than last year. The bloom in Kingsburg is reported to be stronger than last year but also more staggered. The question at this point is how our record low chilling hour total this winter will impact the 2015 crop development. Chilling hours at UC Davis this year totaled just 537 hours which amounts to the lowest chilling hour total in more than 20 years (and just over half of the 2014 chilling hour total of 957 hours). While many factors can influence actual crop yields, insufficient chilling hours can potentially cause more erratic fruit sets. California has experienced a wide range in crop yields during other years with low chilling hour accumulations.

<u>Area</u>	<u>Total Chilling Hours Accumulated</u>					
	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Davis	537	957	1,185	1,116	1,239	959
Modesto	802	1,255	1,282	1,345	1,217	1,048

<u>Area</u>	<u>Comparison to Other Low Chilling Years: Nov. 1 – Feb. 28</u>						
	<u>2015</u>	<u>2006</u>	<u>2003</u>	<u>2002</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Davis	537	807	780	801	717	769	547
Modesto	802	1,009	1,055	1,051	815	818	813
Avg. Tons/Acre		<u>13.3</u>	<u>17.0</u>	<u>18.1</u>	<u>17.2</u>	<u>18.4</u>	<u>17.4</u>

DEL MONTE PACIFIC COMPLETES STOCK RIGHTS OFFERING

Officials with Del Monte Pacific Limited (DMPL) announced this week that they have completed their stock rights offering for 641.9 million shares which will be listed on both the Singapore and Philippine stock exchanges. The rights offering raised \$154 million which will be used by DMPL to partially repay debt incurred in connection with last year's purchase of Del Monte Foods, Inc. (DMFI) for \$1.675 billion. In addition, DMPL has refinanced \$350 million of short-term bridge financing used for the acquisition for up to two years. DMPL also announced their third quarter financial results (thru Jan., 2015) this week. The third quarter results show a \$2.2 million net loss for the quarter on total sales of \$638 million. For the first nine months of their 2014/15 fiscal year, DMPL has generated sales of \$1.6 billion with a net loss of \$23.9 million primarily due to acquisition related expenses. DMFI sales of \$1.3 billion account for 81% of DMPL's total revenue. DMFI sales grew 4% versus year-ago results.

AG GROUPS PUSH BACK ON MANDATORY E-VERIFY BILL

In response to the mandatory E-Verify bill (HR 1147) which was reported out of the House Judiciary Committee last week, a large number of state and national ag organizations (ranging from American Farm Bureau to Western Growers in addition to CCPA) have strongly opposed H.R. 1147 which does nothing to truly address agriculture's labor needs. The industry's message on immigration reform remains unchanged – Congress must pass a solution for agriculture which addresses both our current agricultural workforce and creates a new guest worker program to meet future needs before implementing a mandatory E-Verify program.

USTR LAUNCHES CHALLENGE TO CHINESE EXPORT SUBSIDY PROGRAM

On February 11, US Trade Representative Michael Froman announced that the United States government would be pursuing dispute settlement consultations with the Chinese government at The World Trade Organization regarding China's "Demonstration Bases – Common Service Platform" export subsidy program. The US government believes that China is providing prohibited export subsidies to manufacturers and producers across seven economic sectors (including agriculture) in more than 150 industrial clusters throughout China known as "Demonstration Bases". Commenting on the action taken by USTR regarding this issue, Congressman Jim Costa noted that "The export subsidies sponsored by the Chinese government for fruits, vegetables, and poultry will have a significant effect on California's trade" adding "that is why this challenge brought by the USTR is so important". Consultations are the first step in the WTO's dispute settlement process. If the US and China are not able to reach a mutually agreed solution through negotiations, the US may request the establishment of a WTO dispute settlement panel.

RETURN SERVICE REQUESTED

JANUARY EXPORTS UP 6%, IMPORTS UP 5%

Canned peach exports for January totaled 76,995 cases, up 6% from last January's export figure of 72,607 cases (but still below Jan., 2013 shipments of 97,607 cases). Canadian shipments accounted for 80% of January's export sales volume while sales to Mexico accounted for just 11% of total export shipments. Year-to-date export shipments for June/January now total 699,988 cases, down just 1% from year-ago levels. Canada continues to drive our export sales with YTD volume of 359,115 cases, up 28% from last year's 279,916 cases. Mexico, our second largest export market, continues to post sales declines with 251,604 cases shipped this year representing a 28% decline from last year. Surprisingly, our third largest export destination this year is Greece with 19,724 cases shipped. Canned peach imports for January totaled 496,947 cases, up 5% from last January's 475,630 cases imported. While China continues to be the largest importing country, shipments from Greece jumped to 161,127 cases, which is more than four times greater than last January's import total from Greece. YTD canned peach imports now total 3,367,730 cases, down 2% from the 3,429,649 cases imported during the first 8 months of the 2013/14 marketing year. China and Greece have combined to ship 94% of the total import volume entering the US market this year.

FDA's OVERSEAS INSPECTIONS NOT KEEPING PACE WITH FSMA MANDATES

According to a recent report by the Government Accountability Office (GAO), the Food and Drug Administration's (FDA) foreign offices are not keeping pace with Food Safety Modernization Act mandates regarding the inspection of foreign food facilities. Less than half the mandated 2,806 inspections were actually performed in 2014 and 44% of the foreign office positions were vacant as of October, 2014. GAO officials have recommended that FDA complete an analysis to determine the annual number of foreign food inspections that will be sufficient to ensure comparable safety of imported and domestically produced food products. The GAO report notes that until the analysis is complete, FDA officials are not in a position to know what is a sufficient number of foreign inspections, and, if appropriate, request a change in the mandated inspection number. FDA officials are also in the process of addressing ongoing challenges in recruiting and retaining staff with the necessary experience and skills to conduct facility inspections.

STATE BOARD APPROVES CHANGES TO HEAT ILLNESS RULES

On February 19, the Cal/OSHA Standards Board approved a series of revisions to the state's heat illness rules with an anticipated effective date of April 1, 2015. Among the changes are: requiring shade to be present once temperatures reach 80 degrees (formerly 85 degrees) and requiring shade accommodations for all employees on breaks or during onsite meal periods. During high heat (95 degrees or higher) ag employees must be provided with a 10 minute break every two hours; however, if the workday extends beyond eight hours, an additional rest period is required at the conclusion of eight hours of work.

OF INTEREST

- The next Cling Peach Advisory Board meeting will take place on Wednesday, March 25 beginning at 9:30 am at the California Farm Bureau Building in Sacramento.
- CCPA Board Member Karm Bains is seeking to be appointed by Governor Brown to fill a current vacancy on the Sutter County Board of Supervisors.
- Former CCPA Board Chairman Bud Pinkham passed away on February 16 at the age of 75 after a series of health setbacks in recent months. We extend our condolences to the Pinkham family. Contributions in Bud's name can be made to The Kiwanis Club of Exeter Foundation, P. O. Box 151, Exeter, CA 93221.
- USDA officials have announced their first round of canned and frozen fruit bid solicitations for the 2015 crop. Bids for all items are due in by March 27 with awards to be made by April 27.